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Lipinski: "LOOPHOLES IN THE FAULTY WALL STREET BAILOUT BILL HAVE led to PREDICTABLE abuseS of taxpayer funds BY AIG AND OTHERS"

"The recent revelations that AIG - recipient of over \$160 billion in taxpayer-funded bailout money - has funneled over \$55 billion to banks overseas and paid \$220 million in executive bonuses are appalling, but should come as no surprise to anyone who read the bailout legislation. Loopholes in the faulty \$700 billion Wall Street bailout bill have led to these predictable abuses of taxpayer funds by AIG and others.

"Last Fall I agreed that we needed to boost the economy by getting banks to start lending money again to qualified individuals and small businesses, but I opposed the bailout legislation because I believed that the \$700 billion bill was full of loopholes and was not the right solution to our ailing financial system. I voted against the initial bailout bill that failed in the House, I voted against the revised bill that passed even though it did not fix the loopholes, and then in January I voted in favor of the failed attempt to stop the Treasury from releasing the second \$350 billion.

"Unfortunately, since the bailout was passed lending has not increased, the stock market has dropped 33%, and many of the loopholes in the bill have been exploited to the detriment of American taxpayers."

There were seven major loopholes in the bailout legislation that Congressman Lipinski pointed out in October when explaining why he opposed the bill. Below is the list of objections that Lipinski laid out (shown in italics) along with an update on the current situation as it pertains to each of these.

First, the legislation was a \$700 billion blank check to the financial industry with no real accountability, no real oversight, and no real reform. The bailout proved to be a blank check and the Treasury Department has refused to even tell us where most of the money has gone. Despite public outcry, Wall Street firms continue to abuse the TARP program and take advantage of taxpayer funds with no recourse by the Treasury.

Second, the \$700 billion bailout bill would only drive American taxpayers into even more debt with little chance of recovering taxpayer dollars. America's debt has grown significantly since October, fast approaching \$10 trillion, but since the problems that were intended to be fixed by the bailout still remain and we don't even know where the money went, it is even more doubtful today that taxpayers will be repaid.

Third, I am deeply concerned that American taxpayer dollars will wind up bailing out foreign banks. Since the Treasury Department will not tell us who the money has been given to, we know very little about where it has gone. This week, AIG disclosed that it has awarded over \$55 billion in American taxpayer funds to foreign banks, including \$11.9 billion to Societe Generale, France's third largest bank, \$11.8 billion to Deutsche Bank, Germany's largest financial institution, and \$8.5 billion to Barclays PLC, headquartered in England. While I object to the way taxpayer funds were disbursed to Wall Street in general, it is even worse to see these dollars go to foreign banks.

Fourth, the multimillionaire Wall Street CEOs who created this crisis are not being held accountable. There is nothing in the bill that would put an iron-clad prohibition to ensure that tax dollars will not serve to further enrich the multimillionaire executives who drove these financial institutions into the ground. More and more stories continue to come out about executives receiving hefty bonuses and taking expensive trips on the taxpayer's dime. Just this week, AIG had the audacity to pay out over \$220 million in so-called 'retention awards' -- bonuses -- to the very people who created and sold the toxic assets that precipitated the banking downfall. Furthermore, last year Wall Street paid \$18.4 billion to executives of failing financial companies. Recoupment of these disbursements will be difficult because they were not forbidden by the bailout legislation, but the Administration and Congress must do everything possible to get these taxpayer dollars back.

Fifth, the bill did not require any real reform to the broken regulatory system which did not prevent the current financial crisis and probably helped create it. Any legislation aiding the financial industry should have revamped and overhauled the regulatory system that governs this industry. Five and a half months after the bailout, a fix of the broken regulatory system has not even started. Yet government officials continue to dump billions in taxpayer funds into the broken system.

Sixth, the legislation does not include real oversight with real teeth. Very little is known about where the money has gone, much less any real oversight into preventing waste, fraud, and abuse. Congress entrusted the TARP Oversight Board to oversee the program and help address these programs. I commend the Board for their hard work, diligence and insight into the TARP program; unfortunately, their recommendations are just that, recommendations. Little authority was given to the Board or the government to stop this behavior. And because of that, financial institutions have taken advantage of the program.

Seventh, I am deeply concerned that \$700 billion of taxpayer dollars will be at risk with potentially little or no return on the investment of American taxpayer dollars. Although there has been an attempt to get something of value in return for some of the bailout money, the terms that the Treasury Department has negotiated do not provide anywhere near the same rate of return for taxpayers as has been received by private investors such as Warren Buffet. These unequal terms were negotiated without input from Congress.

"Americans continue to suffer in these difficult economic times, and more needs to be done to help middle class workers and retirees," said Lipinski. "Millions of Americans have lost their jobs since the recession began, over 510,000 in Illinois alone. We should be doing more to help the lifeblood of the American economy, the middle class, and less to reward already rich Wall Street executives."